

22-3-412 Receipts normally apportioned -- Timber.

- (1) To the extent that a trustee accounts for receipts from the sale of timber and related products pursuant to this section, the trustee shall allocate the net receipts:
 - (a) to income to the extent that the amount of timber removed from the land does not exceed the rate of growth of the timber during the accounting periods in which a beneficiary has a mandatory income interest;
 - (b) to principal to the extent that the amount of timber removed from the land exceeds the rate of growth of the timber or the net receipts are from the sale of standing timber;
 - (c) to or between income and principal if the net receipts are from the lease of timberland or from a contract to cut timber from land owned by a trust, by determining the amount of timber removed from the land under the lease or contract and applying the rules in Subsections 22-3-411(1)(a) and (b); or
 - (d) to principal to the extent that advance payments, bonuses, and other payments are not allocated pursuant to Subsection 22-3-411(1)(a), (b), or (c).
- (2) In determining net receipts to be allocated pursuant to Subsection 22-3-411(1), a trustee shall deduct and transfer to principal a reasonable amount for depletion.
- (3) This chapter applies whether or not a decedent or transferor was harvesting timber from the property before it became subject to the trust.
- (4) If a trust owns an interest in timberland on May 3, 2004, the trustee may allocate net receipts from the sale of timber and related products as provided in this chapter or in the manner used by the trustee before May 3, 2004. If the trust acquires an interest in timberland after May 3, 2004, the trustee shall allocate net receipts from the sale of timber and related products as provided in this chapter.

Enacted by Chapter 285, 2004 General Session